

FISCAL NOTE

SB 1875 - HB 1992

March 24, 2003

SUMMARY OF BILL: Lowers the sales tax rate on food and food ingredients from 6% to 3% effective January 1, 2004.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Not Significant

**Decrease State Revenues - \$129,000,000 FY03-04
\$266,000,000 FY04-05**

Estimate assumes:

- Provisions of the bill will be enacted midway through FY03-04; therefore, the first year decrease in state and local revenues is one-half of the full year impact.
- Sales tax collections on food sales are estimated to be 9.25% of overall sales tax collections.
- Sales tax collections in FY03-04 of \$5,578,600,000.
- 4.5925% of state sales tax collections are shared with cities.

For informational purposes, sales tax collections in FY04-05 are expected to grow 3% to an estimated \$5,746,000,000. In FY2005, the provisions of the bill would be in effect for a full year and the decline in revenue to the state is estimated to be \$266,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director